

CHAPTER 3

HOUSING

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INTRODUCTION

Under the requirements of state law, every city and county must prepare a housing element as part of its general plan. The housing element must document in detail the existing housing stock and existing and projected housing needs. Responding to these requirements, this chapter profiles Point Arena's existing housing, assesses existing and projected housing needs, analyzes resources available to meet these needs, and reviews governmental and non-governmental constraints on the production of affordable housing. An appendix to this chapter summarizes available housing programs.

HOUSING CHARACTERISTICS

Housing Stock Growth and Composition

Between 1980 and 1986, the California Department of Finance estimates that only 10 single family units were added to the housing stock in Point Arena, while two multi-family units were demolished and six mobilehomes were removed. This resulted in a net increase of three housing units for the 1980-1985 period. As of January 1, 1986, Point Arena's housing stock is composed of 142 single family units (63.1 percent), 61 multi-family units (27.1 percent), and 22 mobilehomes (9.8 percent).

TABLE III-18

HOUSING TYPES
Point Arena and Mendocino County
1980 AND 1986

	1980		1986	
	<u>Point Arena</u>	<u>Mendocino</u>	<u>Point Arena</u>	<u>Mendocino</u>
Single Units	132 (59.2%)	19,198 (66.2%)	142 (63.1%)	21,202 (65.6%)
Multi-Family (2-4)	34 (15.5%)	2,604 (9.0%)	32 (14.2%)	2,961 (9.2%)
Multi-Family	29 (13.0%)	3,034 (10.5%)	29 (12.8%)	3,485 (10.8%)
Mobilehomes	28 (12.6%)	4,162 (14.3%)	22 (9.8%)	4,679 (14.5%)
TOTAL	223	28,998	225	32,327

Sources: U.S. Census Bureau;
California State Department of Finance

TABLE III-19

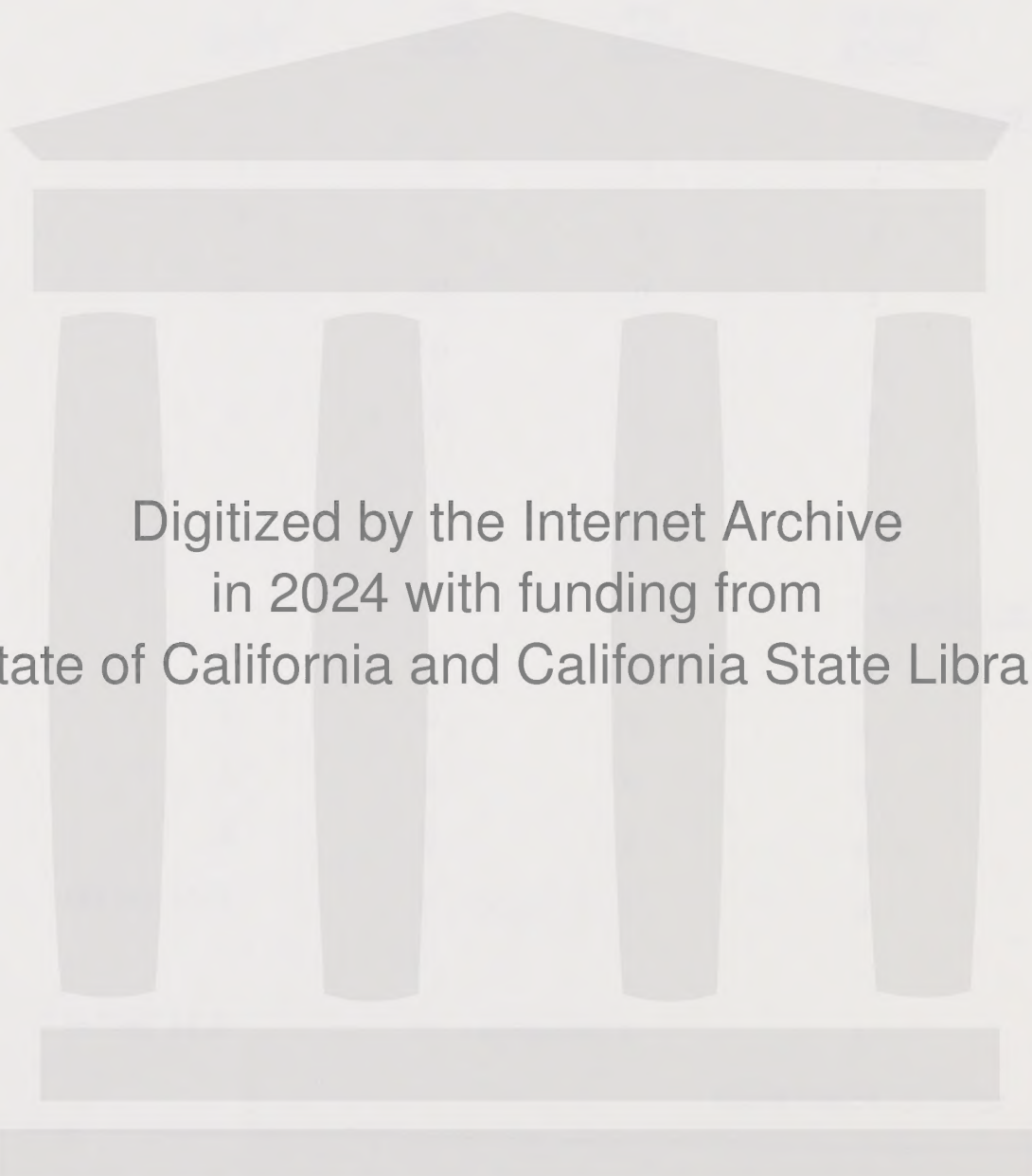
RESIDENTIAL BUILDING AND DEMOLITION PERMITS
Point Arena
1980-1985

	<u>Single Family</u>	<u>2-4 Units</u>	<u>5+ Units</u>	<u>Total</u>
<u>Building Permits</u>				
1980	1	0	0	1
1981	5	0	0	5
1982	4	0	0	4
1983	1	0	0	1
1984	1	0	0	1
1985				
Total	12	0	0	12
<u>Demolition Permits</u>				
1980	0	0	0	0
1981	0	0	0	0
1982	0	0	0	0
1983	0	0	0	0
1984	0	2 (4 units)	0	2 (4 units)
1985				
Total	0	2 (4 units)	0	2 (4 units)

Source: City of Point Arena

Housing Tenure

In Point Arena, 37.4 percent of all housing units were owner occupied compared with 64.2 percent for Mendocino County. This tenure pattern suggests a very important factor in the Point Arena housing market. While the predominate housing type found in the city is single units, the vast majority of households rent. This suggests a high rate of absentee landownership of single family units. Absentee ownership is often associated with maintenance problems, with upkeep deferred until



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major rehabilitation becomes necessary. Left unchecked, deferred maintenance can lead to overall community decline and a decrease in property values.

TABLE III-20

HOUSING TENURE (OCCUPIED UNITS)
Point Arena and Mendocino County

	<u>Total</u>	<u>Owner</u>	<u>Renter</u>
Point Arena	187	70 (37.5%)	117 (62.6%)
Mendocino County	25,072	16,096 (64.2%)	8,976 (35.8%)

Source: U.S. Bureau of the Census

Vacancy Rates

A typical "rule of thumb" provided by the State is that a 2.0 percent vacancy rate is considered a "normal" or "safe" vacancy rate for single family owner-occupied housing units and that a 6.0 percent vacancy rate is a "normal" or "safe" vacancy rate for multi-family rental housing units. According to the U.S. Census Bureau, Point Arena in 1980 had a 4.1 percent owner vacancy rate and a 7.1 percent renter vacancy rate, suggesting a higher than normal percentage of vacant units. This high vacancy rate is due, in large part, to one major factor--the large number of single family units being used as rentals in the community. According to the California Department of Finance, Point Arena's vacancy rate as of January 1, 1986, is 22.7%.

TABLE III-21

VACANT UNITS AND VACANCY RATE
Point Arena and Mendocino County
1980

	<u>Point Arena</u>	<u>Mendocino County</u>
Total Housing Units	223	28,998
Vacant Housing Units	12	938
For Sale Only	3	351
For Rent	9	587
Held for Occasional Use	9	1,324
Other Vacant	13	883
<hr/>		
Owner Vacancy Rate	4.1%	2.1%
Renter Vacancy Rate	7.1%	6.1%

Source: U.S. Bureau of the Census

Overcrowding

The U.S. Census Bureau defines overcrowding as more than one person per room in a housing unit. In 1980, Point Arena showed a substantially lower proportion of overcrowded housing units for both owner occupants and renters than did Mendocino County. Compared with an overall state overcrowding rate of 7.4 percent, Point Arena's overall rate was only 3.7 percent. This suggests that while the percentage of overcrowding should not be overlooked in the Point Arena housing market, it is much less significant a factor than in other market areas.

TABLE III-22

OVERCROWDING
Point Arena and Mendocino County
1980

	<u>Total Units</u>	<u>Owner Occupied</u>	<u>Renter Occupied</u>
<u>Mendocino County</u>			
Total	25,072	15,233	8,207
Overcrowded	1,632	863	769
Percent Overcrowded	6.5%	5.7%	9.4%
<u>Point Arena</u>			
Total	187	70	117
Overcrowded	7	3	4
Percent Overcrowded	3.7%	4.3%	3.4%

Source: U.S. Bureau of the Census

Unit Size

In analyzing the overall housing picture in Point Arena, it is important to look at both the number of rooms in existing structures and the number of persons per housing unit. This information can provide the City with an indicator as to the types of new units that should be built in the future to meet community needs. The 1980 Census indicated that the largest proportion of the housing units in Point Arena--almost two-thirds--have four or more rooms, this being typical of a unit having a living room, kitchen, and two or more bedrooms. However, the median number of only 2.04 persons per unit in Point Arena compared with 2.27 persons per unit in Mendocino County indicates smaller than average household sizes. These figures suggest that many small households are occupying large units (i.e., large single family dwellings). Building smaller units may meet the needs of many Point Arena households, especially if the units are reasonably priced and offer the advantage and amenities typical of larger units.

TABLE III-23

ROOMS IN STRUCTURE
Point Arena
1980

Year-Round Housing Units	<u>Number</u> 221	<u>Percent</u> 99.9%
1 Room	17	7.7%
2 Rooms	20	9.0%
3 Rooms	40	18.1%
4 Rooms	58	26.2%
5 Rooms	37	16.7%
6 or More Rooms	49	22.2%

Median Number of Rooms	4.1	

¹Error due to rounding

Source: U.S. Bureau of the Census

TABLE III-24

PERSONS IN UNITS
Point Arena
1980

Occupied Housing Units	<u>Number</u> 187	<u>Percent</u> 100.0%
1 Person	63	33.7%
2 Persons	57	30.5%
3 Persons	39	20.9%
4 Persons	18	9.6%
5 Persons	6	3.2%
6 or More Persons	4	2.1%

Mean Persons Per Unit	2.04	

Source: U.S. Bureau of the Census

Housing Conditions

The City of Point Arena conducted a thorough survey of residential and commercial structural conditions in July 1984. In the housing survey, units were classified as either "standard" or "substandard." The "standard" category was further broken down into "sound" and "needs minor repair;" the "substandard" category was broken down into "accumulation of minor repairs," "needs major repairs," and "beyond repair".

The 1984 survey showed that almost one-half of all the residential structures in Point Arena are substandard and in need of major repairs. Because of Point Arena's geographical location, the combined effects of the natural aging process, the harsh Northcoast weather, and inadequate maintenance--due partially to the low income characteristics of the area and absentee ownership--it can be expected that housing will continue to deteriorate unless programs are developed to assist both owners and renters.

TABLE III-25

RESIDENTIAL HOUSING CONDITIONS
Point Arena
1984

	<u>Standard Units</u>		<u>Substandard Units</u>			
	<u>Sound</u>	<u>Needs Minor Repair</u>	<u>Accumulation of Minor Repairs</u>	<u>Needs Major Repair</u>	<u>Beyond Repair</u>	<u>Total</u>
Number	56	6	15	80	6	163
Percent	34%	4%	9%	49%	4%	100%

	<u>Standard</u>	<u>Substandard</u>	<u>Total</u>
Mobilehomes	6 (17.1%)	29 (82.9%)	35 (100.0%)

Source: City of Point Arena

Housing Costs and Overpayment

Twenty-five percent (25%) is the limit generally set by government agencies as the proportion of its monthly income a household should reasonably be expected to pay for housing. Even at 30 percent of household income, the figure now set by the U.S. Department of Housing and Urban Development (HUD), most households in Point Arena are unable to afford home ownership.

In 1980 when the U.S. Census was conducted, the median house value in Point Arena was \$55,500 with the vast majority of units selling at between \$50,000 and \$80,000. By comparison, the median house value in

Mendocino County was \$69,800. The monthly costs necessary to maintain a house in Point Arena with a mortgage, excluding utilities, was \$325. Using the 25 percent of housing costs to income standard would require an annual household income of \$15,600; at the 30 percent standard, the annual household income figure would be \$11,700. When the costs of utilities are added in, over one-half of the total households in 1980 would have been unable to own a housing unit without paying more than 25 percent of their income for housing.

TABLE III-26
HOUSING UNIT VALUE
Point Arena
1980

<u>Value</u>	<u>Number</u>	<u>Percentage</u>
Less than \$10,000	0	0.0%
\$10,000 - \$14,999	1	2.5%
\$15,000 - \$19,999	0	0.0%
\$20,000 - \$24,999	1	2.5%
\$25,000 - \$29,999	6	15.0%
\$30,000 - \$34,999	5	12.5%
\$35,000 - \$39,999	1	2.5%
\$40,000 - \$49,999	2	5.0%
\$50,000 - \$79,999	19	47.5%
\$80,000 - \$99,999	5	12.5%
\$100,000 and Over	0	0.0%

Median Housing Value	\$55,500	

Source: U.S. Bureau of the Census

A profile of rents in 1980 showed that the median contract rent was \$119 per month (excluding utilities). This would require an annual household income of \$5,712, based on the 25 percent of rent to income ratio, or \$4,284 based on 30 percent ratio. Clearly the vast majority of households could afford the median rent in 1980. However, it is interesting to note that almost one-third of the households could not even afford the median priced rental unit without paying more than 25 percent of their income for housing.

TABLE III-27
MONTHLY CONTRACT RENT
Point Arena
1980

<u>Monthly Rent</u>	<u>Number</u>	<u>Percentage</u>
Less than \$50	4	3.6%
\$50 - \$99	25	22.7%
\$100 - \$119	23	20.9%
\$120 - \$139	5	4.5%
\$140 - \$149	2	1.8%
\$150 - \$159	10	9.1%
\$160 - \$169	0	0.0%
\$170 - \$199	8	7.3%
\$200 - \$249	13	11.8%
\$250 - \$299	5	4.5%
\$300 - \$399	5	4.5%
\$400 - \$499	2	1.8%
\$500 - or More	0	0.0%
No Cash Rent	8	7.3%
<hr/>		
Median Rent (Monthly)	\$119	

Source: U.S. Bureau of the Census

As Table III-28 shows, a sampling of housing units for sale and rentals during the first half of 1985 indicates that house prices have remained fairly stable since 1980. Rental prices, by contrast, have increased dramatically: the average rental price in the survey is \$346 per month (excluding utilities).

TABLE III-28

REAL ESTATE LISTINGS, FOR SALE UNITS AND RENTALS
Point Arena
January-June, 1985

For Sale Units

<u>Type</u>	<u>House Price</u>
1 Bedroom, 1 Bath (Downstairs)	
1 Bedroom, (Loft), 1 Bath (Upstairs)	\$ 42,000
2 Bedrooms, 1 Bath	\$ 60,000
2 Bedrooms, 2 Baths	\$ 63,000
3 Bedrooms, 1 Bath	\$ 40,000
3 Bedrooms, 1.5 Baths (Restored Victorian)	\$250,000
4 Bedrooms, 1 Bath	\$ 62,000
4 Bedroom, 1 Bath	\$ 45,000

For Rent Units

	<u>Monthly Rent</u>
2 Bedrooms, 1 Bath	\$ 400
2 Bedrooms, 1 Bath (unfurnished)	\$ 295
2 Bedrooms, 1 Bath (furnished)	\$ 325
3 Bedrooms, 1 Bath	\$ 365

Sources: Cypress Properties, Point Arena
Pacific Real Estate, Point Arena

According to the U.S. Census, the vast majority of renters (85.0 percent) with annual incomes below \$10,000 were paying more than 25.0 percent of their income for rent. While renter households having annual incomes of \$10,000 or over showed an improvement, one-quarter of these households were still overpaying for housing. Since the vast majority of households in Point Arena are renters, rental housing overpayment is a more serious problem in Point Arena than it is in other cities where homeownership predominates.

TABLE III-29

HOUSEHOLD INCOME, BY GROSS RENT, AS PERCENT OF INCOME
Point Arena
1979

Percentage of of Income	<u>0-\$4,999</u>	<u>5-\$9,999</u>	<u>10-\$14,999</u>	<u>15-\$19,999</u>	<u>\$20,000+</u>
0 - 19%	0	3	13	6	12
20 - 24%	0	0	7	2	0
25 - 34%	4	5	7	1	0
35%+	47	12	3	0	0
Not Computed	2	7	0	0	5

Source: U.S. Bureau of the Census

The proportion of household income paid for housing by renters displays a similar pattern for homeowners with annual incomes below \$10,000. Fifty-five percent of homeowner households having incomes below \$10,000 annually were paying more than 25.0 percent of their incomes for housing. This proportion, however, declines substantially for homeowners in the \$10,000+ range, with only 2.6 percent of the households overpaying. The vast majority of owner households have incomes in excess of \$20,000 annually.

TABLE III-30

HOUSEHOLD INCOME, BY SELECTED MONTHLY COST, AS PERCENT OF INCOME
Point Arena
1980

Rent as Percentage of Income	<u>0-\$4,000</u>	<u>5-\$9,999</u>	<u>10-\$14,999</u>	<u>15-\$19,999</u>	<u>\$20,000+</u>
0 - 19%	0	4	8	4	26
20 - 24%	0	0	0	0	0
25 - 34%	0	3	0	0	0
35% +	2	0	0	0	1
Not Computed	2	0	0	0	0

Source: U.S. Bureau of the Census

HOUSING NEEDS

Housing needs fall into three categories: existing needs, projected needs over a five year time period, and special needs. Earlier sections of this report identified several existing needs in Point Arena. In summary, they are:

- Female head of households (1980)
20 female head of households with children under 18 (12.3 percent)
- Low Income Households (1979)
105 households with annual incomes below \$12,500 (57.4 percent)
\$10,592 median household income compared to \$15,013 county median
Mean wage of \$11,216 compared to county \$16,265
31 persons receiving public assistance (17.1 percent)
- Large renter household population (Housing Tenure - 1980)
117 housing units are renter occupied (62.6 percent)
- Underutilization of housing (1980)
144 housing units have four or more rooms (65.2 percent)
120 housing units occupied by two or fewer persons (62.2 percent)
- Substandard Units
95 units need rehabilitation (58.0 percent)
29 mobilehomes need rehabilitation or replacement (82.9 percent)
- Overpayment
68 centers with incomes under \$10,000 overpaying (85.0 percent)

Projected housing needs indicate the total additional housing units required to adequately house a jurisdiction's projected population in five years in units that are affordable, in standard condition, and not overcrowded. Projected housing needs, therefore, include the needs of the existing population as well as the needs of additional households expected to reside in the jurisdiction in the next five years.

Special housing needs focus on the needs of sub-groups within the population with special housing requirements such as the elderly, the handicapped, large families, and households headed by single females.

Point Arena's Share of Projected Regional Needs

To assist local governments in Mendocino County in making projections of future housing needs, the Mendocino Council of Governments prepared a regional housing needs plan covering the seven year period from 1983 to 1990. The purpose of the plan is to examine housing needs across jurisdictional boundaries and to allocate to each local government responsibility for planning to meet those needs.

The Housing Needs Plan contains two forms of projections. The first is a projection of the number and distribution of households among income groups (i.e., very low, other lower, moderate, and above moderate) for the years 1983 to 1990. The plan considers the Point Arena market area and has been adjusted to encourage new housing development for moderate and above moderate households to offset the concentration of low income persons. These projections should be used as a guideline to ensure that housing policies and programs focus on providing the appropriate mix of housing types to meet the needs of all economic segments of the community.

As Table III-31 indicates, the Mendocino County Council of Governments projects that the percentage of lower income households (i.e., very low and other lower) will show a small decline of 2.0 percent or 4 households between 1983 and 1990. Moderate and above moderate income households are expected to increase by a modest 2.0 percent or 10 households during the same seven year period.

TABLE III-31

EXISTING AND PROJECTED HOUSEHOLDS, BY INCOME GROUPS¹
City of Point Arena
1983-1990

<u>Income Group</u>	<u>Number Households</u>		<u>Percent Households</u>	
	<u>1983</u>	<u>1990</u>	<u>1983</u>	<u>1990</u>
Very Low	81	82	45%	42%
Other Lower	20	23	11%	12%
Moderate	31	35	17%	18%
Above Moderate	49	55	27%	28%
Total	181	195	100%	100%

¹The 1983 figures were based on 1980 census data. The 1990 figures were based on projections provided by the California Department of Finance. Overall countywide population growth was divided into four market areas of which Point Arena was one market area. Point Arena's share of the total county population and household growth was based on information provided by the Mendocino County Planning and Building Services Division and the Mendocino County Community Development Commission.

Source: Mendocino County Council of Governments

The second type of projections are estimates based on the total household projections, of the total number of new housing units that should be constructed between 1983 and 1990 to meet the needs of new households expected to reside in Point Arena. According to the Mendocino Council of Government's Housing Needs Plan, just eight (8) units were needed to be built in Point Arena between January 1, 1983 and January 1, 1990, to meet projected growth. The new construction needs figures in the plan do not include replacement units for existing units

that are beyond repair or are not economically feasible to repair. Units removed from the housing stock in the normal course of housing market activity (demolitions, conversion to commercial use, etc.) are not necessarily substandard units. Therefore, the basic new construction needs must also be supplemented by estimates of construction needed in Point Arena due to the removal of units which are in poor physical condition.

Table III-32 provides a revised new construction need figure based on new construction that has already occurred between January 1, 1983 and January 1, 1985, units that have been demolished and need to be replaced, and existing units that are beyond repair and need replacement. The new construction needs estimates have also been extended to 1992. Table III-33 summarizes Point Arena's total revised projected needs figure by income groups for new construction to accommodate both expected growth and existing deficiencies.

TABLE 32

REVISED NEW CONSTRUCTION NEEDS IN POINT ARENA
1983-1992

New Construction Needs, 1983-1990 (Council of Governments)	10 Units
New Units Built, 1983-1985	<u>-2 Units</u>
	8 Units
Demolitions, 1983-1985	<u>+4 Units</u>
	12 Units
Units Existing and Needing Replacement	<u>+6 Units</u>
Revised New Construction Needs, 1985-1992	18 Units

Source: Mendocino County Council of Governments;
City of Point Arena

TABLE III-33

PROJECTED TOTAL NEW CONSTRUCTION NEEDS IN POINT ARENA
BY INCOME GROUP
1985-1992¹

<u>Income Group</u>	<u>Number of Units</u> ²
Very Low	8
Other Low	2
Moderate	3
Above Moderate	<u>5</u>
Total	18

¹July 1, 1985 - July 1, 1992

²Using same percentage distribution of households for 1992 as shown in Table III-31.

Source: City of Point Arena

Special Needs

Beyond the general housing needs documented in previous sections of this report, state law requires that the housing element include an assessment of the housing needs of special groups within the community including those of the handicapped, elderly, large families, and female head of households, where appropriate. There are two main special needs groups within Point Arena.

Female Head of Households

In 1980, there were 23 female heads of household. Twenty or 87.0 percent of these households contained children under the age of 18. Overall, female heads of household represented 13.0 percent of all households in Point Arena. Many households that were headed by females have lower incomes and, therefore, have difficulty finding affordable housing. In many cases, where there is a child under the age of 18 in the household, the woman must stay at home and cannot work a full-time job which would provide the necessary income to secure suitable housing.

Renters

Even though renters are not normally thought of as a special needs group, they can be considered so if they constitute a significant portion of the population and if they are overpaying for housing. As has been pointed out earlier, 117 or 62.6 percent of the housing units are renter occupied, and 68 (75.0 percent) of the renters having annual

incomes below \$10,000 were overpaying for housing in 1980. Rehabilitation of the existing rental housing stock and providing smaller, more affordable rental units are two ways to assist the renter community.

AVAILABILITY OF LAND AND SERVICES FOR RESIDENTIAL DEVELOPMENT

Residential Zoning

The City of Point Arena is approximately one square mile or 640 acres in size of which 282.5 acres are located within the "urban boundary" where growth is expected to occur. The majority of residential zoning within the urban boundary of the city is urban residential (UR) which is undergoing a General Plan revision which will necessitate modifying the existing zoning regulations. The following is a summary of acreage in each land use designation within the urban boundary:

Suburban Residential (SR)	32.6 Acres
Urban Residential (UR)	40.9 Acres
Multi-Family Residential (MR)	6.2 Acres
Planned Development (PD)	57.0 Acres
Agriculture Exclusive (AE)	29.4 Acres
Neighborhood Commercial Core (C1)	3.9 Acres
Community Commercial (C2)	30.3 Acres
Harbor Commercial (HC)	15.6 Acres
Public Facility (PF)	37.6 Acres
Mobile Home Residential	4.0 Acres
Total, All Uses	257.5 Acres

Vacant Land

A land use inventory conducted by the Mendocino Community Development Commission identified 60 potential sites available for residential development in Point Arena. These sites were analyzed further in order to determine the allowable number of new units that could be built based on the current zoning ordinance. However, in looking at Table III-34 which follows, two important factors must be considered when talking about "allowable" numbers. First, the number of new units that could be built assume that development would occur at the highest density possible under current zoning regulations. Second, the multi-family zoning regulations appear to be internally inconsistent and do not allow for maximum utilization of the land. The current zoning ordinance allows one unit per 600 square feet of land area while restricting the total allowable number of units to four (4) for any one site. This portion of the zoning regulations should be reviewed and revised, when appropriate, to remove the inconsistency.

Surplus Land

There is no surplus land owned by public or quasi-public agencies within the City of Point Arena that is currently available for residential development. The Pacific Gas and Electric Company (PG&E)

TABLE III-34

VACANT RESIDENTIAL LAND AND UNIT CAPACITY
Point Arena Urban Boundary
1985

<u>Zoning Designation</u>	<u>Allowable Housing Types</u>			<u>Number Acres Available</u>	<u>Min. Lot Size</u>	<u>Minimum Site Per D.U.</u>	<u>No. Units</u>
	<u>Single Family</u>	<u>Multi-Family</u>	<u>Other</u> ⁵				
AE (Agriculture Exclusive)	P ¹			50.0	20 acres	20 acres	3
SR (Suburban Residential)	P			14.0	1/2 acre	1/2 acre	28
UR (Urban Residential)	P	C ²		7.9	7,500 s.f.	7,500 s.f.	46
MR (Multi-Family Residential)	P	P ³	C ⁴	1.7	6,000 s.f.	6,000 s.f.	12
PD (Planned Development)	C	C		57.0	15 acres	1 acre	51
Mobile Home Residential			C ⁶	4.0			<u>31</u>
TOTAL							171

P = Permitted by Right

C = Permitted by Conditional Use Permit

¹Single family uses permitted when incidental to agricultural activities.

²Duplexes allowed with a conditional use permit.

³Not more than four (4) dwelling units per site.

⁴Boarding houses allowed with a conditioal use permit.

⁵Mobile homes currently are allowed in the Community Commercial District (C2), not shown in this table.

⁶Mobile homes permitted as a conditional use.

While there appears to be a good supply of vacant land available for development, "optimal" development of these lands is limited by the unwillingness of many owners to sell their property for development. The City could be aggressive in allowing density bonuses for appropriate developments, promoting second unit development, and providing overlays for manufactured housing on foundations in selectively zoned area. Ultimately, however, providing developable residential land may require the Redevelopment Agency tool of eminent domain.

Building and Housing Codes

Building and housing codes establish minimum standards and specifications for structural soundness, safety, and occupancy. The State Housing Law requires cities and counties to adopt minimum housing standards based on industry uniform codes. In addition to meeting the requirements of the State Housing Law, local governments enforce other state requirements, including requirements for health and sanitation, fire safety, noise insulation, soils reports, earthquake protection, energy conservation, and access for the physically handicapped.

The City of Point Arena has a contractual agreement with Mendocino County to perform site plan review, conduct building and health inspections, and to implement the uniform codes and other housing regulations as required by law. The County is currently administering the most recent editions of the Uniform Building Code (1982), the Uniform Mechanical Code (1982), the Uniform Plumbing Code (1982), and the National Electrical Code (1984). In adopting these uniform codes, the City's building requirements will impose no more of a hardship on developers than would be the case elsewhere in the county.

Permit Processing Fees and Times

State law requires that local permit processing fees must not exceed the estimated actual cost of processing the permits. The permit fees charged for development in Point Arena are consistent with the fees charged by Mendocino County and do not appear to operate as a major constraint to housing development.

The length of time required to process applications in Point Arena is extremely short compared to the time required in other communities, due primarily to the small scale of city government and its "closeness" to the community. Additional time would be required to process development applications, if a permit issued by the City was appealed to the Coastal Commission for a project in the coastal appeals area.

TABLE III-35

PERMIT PROCESSING FEES AND TIMES
City of Point Arena
1985

<u>Process</u>	<u>Fee</u>	<u>Time</u>
General Plan Amendment	\$600	45 days
Rezoning	\$300	15 days
Conditional Use Permit	\$150	15 days
Variance	\$150	15 days
Environmental Review: Neg. Dec. EIR	\$400	Variable ¹
Subdivision Maps:		
Minor	\$100 + \$25/parcel	15 days
Major	\$200 + \$10/parcel	15 days
Map and Plan Checking	\$30/hr	Variable
Lot Line Adjustment	\$100	15 days
Revision to Acreage	\$100	15 days
Parcel Map Waiver	\$100	15 days
Satellite Dish	\$ 20	15 days
Coastal Development Filing ²	\$ 75	Min. 10 extra days
Building Permit	(V)	15 days
Plan Check	(V)	15 days
Mechanical/Electrical/Plumbing	(V)	15 days
Sign Permit	\$ 20	15 days

¹Depends on the time required to write the EIR

²West of Highway 1 in Point Arena

(V)Depends on valuation of structure, type of structure, and other equipment

Residential Development Fees

Similar to most other local agencies in California, Point Arena requires street and drainage improvements in connection with subdivision developments. In addition, there is a charge for new sewer and water service to development. For sewer service, the City charges a basic \$1,500 sewer connection fee plus the actual cost of extending sewer lines.

There is also a \$100 deposit for a connection to the Point Arena Water Works system, a privately owned facility, and a monthly user fee for each building within the City. The average water fee is approximately \$30.00 per month for a single family dwelling unit.

Because of limited staffing, the City contracts with Mendocino County for engineering and inspection services, which cost \$300 plus \$2 per lineal foot of development plus a construction survey charge of \$4 per lineal foot of street frontage.

Generally, these fees are consistent with fees charged by Mendocino County and do not appear to be a constraint to development. However, an examination of the water rate structure should be conducted in order to determine if the user charges are appropriate in light of the income levels of households within the community.

Non-Governmental Constraints

Non-governmental constraints are those constraints limiting the availability of affordable housing over which local government has little or no control. State law requires that the housing element contain a general assessment of these constraints as a basis for possible actions by the local government to offset the effect of these constraints. The five principal types of non-governmental constraints are the costs associated with financing, the price of land, the cost of construction, speculative ownership, and indirectly, the lack of an economic base in the community.

Availability of Financing

Interest rates for financing the cost of construction have been the most erratic and problematic component of the housing costs associated with homeownership and rental payments in recent years. Interest rates impact the sales price or rental rates in two distinct ways. The first is the interest rate charged for the construction loan itself. Usually, a developer obtains construction financing for a period of one year at interest rates equal to, or slightly above, the prime interest rate. The cost of borrowing construction money is then passed on to the buyer in the form of a higher selling price for the structure.

The second, and most noticeable, way in which interest rates affect the prospective buyer or renter, is the rate charged for long term mortgage financing. Mortgage interest rates have fluctuated over the past 10 years within a range of 8 percent to 18 percent. The interest rate on a conventional 30 year fixed rate mortgage presently runs about 10 percent with loan origination fees of around 1-1/2 percent plus \$250.

Because so many families have been unable to qualify for home loans at the higher interest rates, sellers, buyers, and financial institutions have created a wide variety of new financing techniques, including mortgages with balloon payments, graduated payments, appreciating equity, and adjustable interest mortgages.

Table III-36 shows what the monthly payments would be at different interest rates based on a fixed interest 30 year loan. Taxes, insurance, and utilities would amount to an additional \$200-\$300 per month.

TABLE III-36

MONTHLY MORTGAGE PAYMENTS

Interest	(Loan Amount)					
	\$50,000	\$60,000	\$70,000	\$80,000	\$90,000	\$100,000
16%	\$672.28	\$806.85	\$941.33	\$1075.81	\$1210.28	\$1344.76
15%	632.22	785.67	885.11	1011.56	1138.00	1264.44
14%	592.44	710.92	829.41	947.90	1066.38	1184.87
13%	553.10	663.72	774.34	884.96	995.58	1106.20
12%	514.31	617.17	720.03	822.89	925.75	1028.61
11%	476.16	571.39	666.63	761.86	857.09	952.32
10%	438.79	526.54	614.30	702.06	789.81	877.57

*Based on 30 year fixed-rate mortgage including principal and interest

Source: Statewide City Mortgage

Using these figures, a typical single family home purchased in Point Arena for \$60,000 with a 20 percent down payment, 10 percent fixed rate, 30 year mortgage would cost approximately \$650 per month to own and operate. Using the 25 percent ratio of housing cost to annual income mentioned earlier in this chapter, the household should have an annual income of \$31,200. In fact, the median household income for Point Arena in 1980 was \$10,592.

The median rental payment in Point Arena in 1980 was \$119 and most households were able to find an affordable unit. However, the price of rental housing has increased dramatically and an average two-bedroom listed rental is now \$340 per month. This means that a household would have to earn approximately \$16,320 annually to afford the typical rental unit in the City, based on a 25 percent housing cost to rent factor, or \$12,240 annually based on a 30 percent factor. This does not include utility costs.

Price of Land

Land prices in Point Arena vary considerably depending on the specific geographical location and natural amenities. Generally, land values in the city are lower than in adjacent areas to the north and south, with the cost for 1/3 acre lot ranging from \$10,000 to \$15,000. However, the cost of a 1/3 acre parcel in the community of Gualala, 16 miles to the south, ranges from \$20,000 to \$25,000. Coastal home sites

are considerably more costly than sites located directly within the city.

Cost of Development

The costs of development are made up of four major components; land, sewer, and water connection fees, building fees, and construction costs (labor and materials). Material costs are usually higher in the Point Arena area because of the distance to retail lumber and building suppliers.

Table III-37 profiles development costs for a typical new, three bedroom home in Point Arena. While this analysis describes the factors which affect the cost of developing a single family home, these same factors directly affect the affordability of multi-family rental housing in the city.

TABLE III-37

HOUSING DEVELOPMENT COST COMPONENTS ESTIMATE¹
TYPICAL THREE BEDROOM UNIT, WOOD FRAME (1,500 S.F.)
City of Point Arena
1985

<u>Component</u>	<u>Cost</u>
Land	\$ 12,500
Sewer/Water Connection Fee	\$ 1,600
Building/Electrical/Mechanical Fees	\$ 712
Construction Cost (Labor & Materials)	<u>\$ 67,500</u>
TOTAL	\$ 82,312

¹Does not include developer profit.

Speculative Ownership

Several acres of land suitable for residential development and existing single family housing units are being withheld from the market in order for owners to realize an appreciation of the value to their property as the coastal area develops. Withholding vacant land or existing housing from the market tends to bid up the price of other residential properties in the city. In the short term, this practice will force developers or perspective homeowners to look elsewhere for investment and development opportunities. In the long term, prolonged disinvestment will magnify and accelerate the economic decline of the city that has occurred since the late 1960s.

Lack of Economic Base

The ability to provide affordable housing units in a community is heavily influenced by the strength of the local economy, since developers are reluctant to develop in areas where overall income levels are insufficient to support the project. The decline in Point Arena's economy has forced many residents to move from the city in order to find employment. This economic decline is best illustrated by the loss of approximately 35 businesses since 1983. This in turn, has created a negative climate for the development community. Revitalization and redevelopment efforts aimed at establishing a strong economic base and the reconstruction of a 1.7 million dollar pier may be the most encouraging factors that can reverse the economic decline and encourage new housing production.

COASTAL HOUSING

In 1981 when housing policies were deleted from the Coastal Act, new coastal housing requirements were added to the State Planning Law (SB 626, Mello). These provisions generally require that housing units for low and moderate incomes be provided whenever possible, be protected where they currently exist, and be replaced when demolished. The updated housing element must by law discuss the jurisdiction's progress in implementing the coastal housing requirements. The coastal housing requirements are also important to Point Arena's housing element program, because they mandate specific City actions that would contribute to meeting Point Arena's projected housing needs.

There are two major parts to the coastal housing requirements: one for the provision of low and moderate income housing units in new developments; and one for the protection and replacement of existing housing units occupied by low or moderate income individuals.

New Construction

Whenever a developer constructs a residential project within the coastal zone, the local government must require the developer to provide, if feasible, a certain percentage of the units for low or moderate income households. This feasibility determination can be made on a case-by-case basis or by adopting general guidelines that establish a rebuttable presumption concerning feasibility of providing affordable units in coastal housing projects.

It is up to each local government to decide what percentage of the units in coastal projects can be feasibly developed for low and moderate income households depending on the type and size of the project.

If the lower and moderate income units cannot be physically accommodated on the project site, they can be provided elsewhere within the same city or county, either within the coastal zone or within three miles of the coastal zone.

As an alternative to adopting general feasibility guidelines or making feasibility findings on a case-by-case basis, local governments can adopt an ordinance of their own design that would accomplish at

least as much in terms of providing new affordable units. An advantage to this approach is that the local ordinance is less subject than the feasibility findings to legal challenge because of the procedure by which it is adopted.

Demolitions and Conversions

The second part of the coastal housing requirements establish the general rule that conversion or demolition of existing residential dwellings occupied by low or moderate income persons or families will not be allowed unless provision is made for the replacement of those units. Another part of the statute modifies this basic rule by requiring replacement units only if feasible, where:

- 1) The existing units are located in a structure with only one or two units, or in a complex of buildings with ten or fewer units.
- 2) The existing units are to be replaced by a "coastal-dependent" or "coastal-related" use that is consistent with an adopted LCP.
- 3) There are less than 50 acres of privately owned, vacant land available for residential use within the coastal zone within the jurisdiction.
- 4) A community has an in-lieu fee housing program through which fees on coastal projects would achieve equivalent results.

While basic replacement rule requires one for one replacement, the feasibility standard applicable under the four exceptions would require only as much replacement housing be provided as is feasible. City sponsored housing units, if they would have been provided anyway, cannot be used as replacement units to meet the requirements of the law.

These coastal housing requirements were designed primarily for Southern California coastal conditions and seem ill-suited to conditions in Point Arena. Nonetheless, Point Arena must establish procedures to implement these requirements.

Since the coastal housing requirements went into effect January 1, 1982, there have been no new housing projects constructed or major rehabilitation in Point Arena's coastal zone.

Since January 1, 1982, only two units within the coastal zone have been demolished. Both units were apartments located off Highway 1 (Pellascio Court). Neither unit was replaced, although the owner of the property has indicated that replacement will occur in the near future.

RESIDENTIAL ENERGY CONSERVATION

The state law and regulations require local governments to implement energy conservation standards for all new residential development. Under these requirements, every new residential building constructed must meet very rigorous building standards for heat gain and

heat loss. Thus, the State has largely preempted the authority of local governments to regulate building construction with respect to energy conservation.

Because there is subdividable land in Point Arena--there is an opportunity for the City to require that new development patterns include energy conservation features and promote solar access.

There is also much that can be done in Point Arena to promote the use of solar water heating and energy conservation retrofit of existing residential structures.

Use of solar panels for heating water is becoming increasingly popular in Mendocino County despite frequent coastal fog. According to Six Rivers Solar located in Eureka, it costs approximately \$3,500 to install a solar water heating system to meet the needs of a typical three bedroom home on the coast using about 100 gallons of water per day. Assuming a 20 percent fuel cost inflation rate and assuming the owner takes the state solar tax credit, the company estimates that such a system will pay for itself in six years.

In Point Arena's climate, installing fairly simple energy conservation features--ceiling insulation, weather stripping, hot water heater insulation--in existing residences can mean significant savings on monthly heating bills. PG&E offers the "ZIP" weatherization program to customers in its service area. Through the "ZIP" program, a PG&E customer can finance up to \$3,500 in energy conservation measures at no interest. North Coast Energy Services offers federally-funded free weatherization for low income households and administers the PG&E "ZIP" program for low income households.

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